

Company Registration No. 05540164 (England and Wales)

06 ORMSKIRK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



06 ORMSKIRK LIMITED

COMPANY INFORMATION

Directors	Adam Turner Andrew Turner Pauline Turner Stacey Turner Hilary Nicol
Secretary	Hilary Nicol
Company number	05540164
Registered office	Ackhurst Road Chorley Lancashire PR7 1NN
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

06 ORMSKIRK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The results for the year ended 31 December 2021 show a pre-tax profit of £382,557 compared to the 31 December 2020 pre-tax profit of £318,683. Turnover has grown with an increase of £7.1 million from 2020 to a total of £20.36m for the year ended 31 December 2021.

After the acquisition by Bugle Inn Motor Company (Holdings) Limited on 1st March 2021 the directors were pleased to have completed the year with a strong set of results, especially when compared to the historic trading levels of the company and the expected disruption any takeover can cause. The takeover resulted in the removal of the businesses' two previous managing directors, which was anticipated to make a negative impact on short term performance. However, despite the clear impact this had, the company managed to overcome this by utilising group-based reporting to its senior management team and accessing the Bugle Inn Motor Company group's larger trading power and group resource.

The business adapted well to new trading styles brought in by the management team and felt immediate benefit from the economies of scale as part of the Bugle Inn Motor Company's group, most notably in digital marketing, centralised accounts functions and in house contact centers – all of which were integrated into 06's practices to increase the business efficiencies.

The Vauxhall brand performed well throughout the year despite supply challenges in the industry, with the brand accessing stock vehicles for its dealer partners more easily than other OEMs. This resulted in a successful launch and introduction of the new Vauxhall Mokka and a successful spell of retail sales for commercial vehicles, something the business hasn't historically actively participated in.

The unfortunate news that the Mitsubishi brand was leaving the UK presented enhanced short-term opportunities, which the company capitalised on in the third quarter of the year. The business took the strategic decision to purchase the remaining 100 vehicles from Mitsubishi which in turn delivered great returns for the franchise, enabling the Skelmersdale business to close the year in profit despite losing its brand representation of Mitsubishi in September 2021. The plan to replace the Mitsubishi brand with Citroen is underway with new showroom and external signage planned, before a planned relaunch of the facility.

On 31st December 2021, the trading of the company was transferred to Bugle Inn Motor Company Limited, with only the property (and the associated mortgage), and HMRC related balances kept in the current 06 Ormskirk business. The disposal of assets were at book value and therefore there was nil profit and loss. Subsequent to the year end, all of the balances have now been hived across to Bugle Inn Motor Company Limited leaving an amount owing to the company on the intercompany account.

The company has net funds of £1,921,074 at 31 December 2021 including distributable reserves of £1,121,074. The directors would therefore believe the company's position to be satisfactory, albeit trading is now undertaken through Bugle Inn Motor Company Limited.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy was subject to many risks, some of which were out of the company's control. However, these have been assessed, mitigated and negotiated where the company could do so. The risks now principally lie in the fellow subsidiary company, Bugle Inn Motor Company Limited, where trade is being undertaken. As the trade has been now transferred to Bugle Inn Motor Company Limited, there are now no principal risks and uncertainties. Although recovery of the intercompany debt is underpinned by the ability of the group to continue to mitigate risks.

Before the transfer of trade, the key business risks and uncertainties affecting the company have been the focus on the shifting automotive landscape, although the board believe that with the trade having been transferred to Bugle Inn Motor Company Limited, this will be mitigated due to the breadth of brands now represented. In addition, the Bugle Inn Motor Company group expansion into the Stellantis network is a further opportunity for the business to build on strong relationships.

06 ORMSKIRK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The directors feel that the continued strains and pressures on OEM supply chains have posed a substantial risk to the businesses' usual activities and plans. This issue will be addressed by the company's parent and fellow subsidiary Bugle Inn Motor Company Limited and will cause the group to need to re-evaluate its business and marketing strategies and consider the remuneration of its sales based team members.

The company has managed the business with on-going management and senior executive meetings on a monthly basis coupled with their monthly financial and non-financial information assessment meetings at board level. *Going forward these procedures will be undertaken in Bugle Inn Motor Company.*

Future outlook

As the trading of the company is now being undertaken by Bugle Inn Motor Company Limited and the company will therefore become dormant, the future outlook of the business is covered in the strategic report for that company.

Financial risk management objectives and policies

The company has financed its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programs through bank borrowings and motor dealer finance. Following the year end, all borrowings were transferred to Bugle Inn Motor Company Limited.

The management's objectives have been to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting has not been used by the company.

Where appropriate, funds have been invested in sterling bank deposit accounts and any borrowings have all been obtained from standard bank loan accounts and motor dealer manufacturers. As such, there has not been any price risk exposure.

Where appropriate, such funds have been held primarily in short term variable rate deposit accounts. The directors believe that this has given them the flexibility to release cash resources at short notice and also allowed them to take advantage of changing conditions in the finance markets as they arose. All deposits have been with reputable UK banks and the directors believe their choice of bank minimised any credit risk associated with not placing funds on deposit with a UK clearing bank.

The company's borrowings have been in variable interest loans for which there is a cash flow risk associated with changing interest payments. The directors believe that the ability to take advantage of falls in interest rates more than offset the uncertainty of not knowing their financial commitments when managing the company's trading activities.

Key performance indicators

The key performance indicators are:

	2021	2020	Change
	£'000	£'000	£'000
Turnover	20,356	12,234	7,122
Gross Profit	1,911	1,458	453
Operating Profit	433	412	21
Profit before taxation	383	319	64
Net assets	1,921	1,582	339
Average number of employees	50	57	(7)

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Non-going concern basis of accounting

As described in the Directors Report, on the 31 December 2021 the trade, together with certain assets and liabilities of the business, was transferred to a fellow group company Bugle Inn Motor Company Limited and therefore the company ceased trading. The transfer of the remaining assets (the property and related borrowing) was completed subsequent to the year-end. Accordingly, the directors consider the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. There have been no adjustments made to these financial statements as a result of the application of the non-going concern basis of accounting.

On behalf of the board



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Hilary Nicol
Director

Date: 23/08/22
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06 ORMSKIRK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the sale of new and used vehicles, parts and vehicle servicing and repair.

On 31 December 2021 the trade, together with certain assets and liabilities of the business, was transferred to a fellow group company Bugle Inn Motor Company Limited, with only the property (and the associated mortgage), and HMRC related balances kept in the current 06 Ormskirk business. The disposal of assets were at book value with consideration being the same amount (reflected as an intercompany balance) therefore there was nil profit and loss on the transfer. The activities of the company will be undertaken in Bugle Inn Motor Company Limited going forward.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £29,366. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Paul Byron	(Resigned 1 March 2021)
Mr John Dickson	(Resigned 1 March 2021)
Adam Turner	(Appointed 1 March 2021)
Andrew Turner	(Appointed 1 March 2021)
Pauline Turner	(Appointed 1 March 2021)
Stacey Turner	(Appointed 1 March 2021)
Hilary Nicol	(Appointed 1 March 2021)

Post reporting date events

Subsequent to the year end the property and related borrowing were transferred to Bugle Inn Motor Company Limited for consideration in the same amount, reflected as an intercompany balance.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report, including principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

On behalf of the board



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Hilary Nicol
Director

Date: 23/08/22

06 ORMSKIRK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 06 ORMSKIRK LIMITED

Opinion

We have audited the financial statements of 06 Ormskirk Limited (the 'company') for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the company ceased trading on 31 December 2021 and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 06 ORMSKIRK LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Coronavirus Job Retention Scheme (CJRS) regulations and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, testing a sample of entries included on the associated CJRS claim, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 06 ORMSKIRK LIMITED (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alison Ashley

Alison Ashley (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

Bluebell House

Brian Johnson Way
Preston
Lancashire, PR2 5PE

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24/08/22

06 ORMSKIRK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	20,355,506	13,234,170
Cost of sales		(18,444,932)	(11,775,645)
Gross profit		1,910,574	1,458,525
Administrative expenses		(1,556,245)	(1,293,343)
Other operating income		79,096	246,498
Operating profit	6	433,425	411,680
Interest receivable and similar income	7	-	179
Interest payable and similar expenses	8	(50,868)	(42,928)
Other gains and losses	9	-	(50,248)
Profit before taxation		382,557	318,683
Tax on profit	10	(14,048)	(71,270)
Profit for the financial year		368,509	247,413

On the 31 December 2021, the trade of the business was hived across into Bugle Inn Motor Company Limited (a fellow group company). Therefore, the entire trade of the business during the year is a discontinued operation.

06 ORMSKIRK LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	12		1,753,036		1,897,565
Current assets					
Stocks	13	-		2,135,351	
Debtors	14	1,079,375		289,896	
Cash at bank and in hand		-		533,875	
		1,079,375		2,959,122	
Creditors: amounts falling due within one year	15	(147,087)		(2,581,344)	
Net current assets			932,288		377,778
Total assets less current liabilities			2,685,324		2,275,343
Creditors: amounts falling due after more than one year	16		(764,250)		(678,629)
Provisions for liabilities	18		-		(14,783)
Net assets			1,921,074		1,581,931
Capital and reserves					
Called up share capital	21		202,020		202,020
Capital redemption reserve			597,980		597,980
Profit and loss reserves			1,121,074		781,931
Total equity			1,921,074		1,581,931

The financial statements were approved by the board of directors and authorised for issue on 23/08/22 and are signed on its behalf by:



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Hilary Nicol
Director

06 ORMSKIRK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		202,020	597,980	688,958	1,488,958
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	247,413	247,413
Dividends	11	-	-	(154,440)	(154,440)
Balance at 31 December 2020		202,020	597,980	781,931	1,581,931
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Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	368,509	368,509
Dividends	11	-	-	(29,366)	(29,366)
Balance at 31 December 2021		202,020	597,980	1,121,074	1,921,074

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

06 Ormskirk Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Ackhurst Road, Chorley, Lancashire, PR7 1NN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Bugle Inn Motor Company (Holdings) Limited. These consolidated financial statements are available Companies House, Crown Way, Cardiff, CF14 3UZ.

Non-going concern basis of accounting

As described in the Directors Report, on the 31 December 2021 the trade, together with certain assets and liabilities of the business, was transferred to a fellow group company Bugle Inn Motor Company Limited and therefore the company ceased trading. The transfer of the remaining assets (the property and related borrowing) was completed subsequent to the year-end. Accordingly, the directors consider the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. There have been no adjustments made to these financial statements as a result of the application of the non-going concern basis of accounting.

Turnover

Turnover is measured at invoice price, excluding discounts and value added taxes, and principally comprises external vehicle sales in the company's capacity as a Vauxhall and Mitsubishi main dealer, parts and servicing sales. Vehicles and parts sales are recognised when control over the vehicles or parts have been transferred to the customer. This is generally at the time of delivery to/collection by the customer. Service and bodyshop sales are recognised in line of delivery to/collection by the customer and in line with the work performed. Revenue also comprises commissions receivable for arranging vehicle financing and related insurance products. Commissions are based on agreed rates and income is recognised at the time of approval of the vehicle finance by the finance provider.

Revenue from commissions receivable is recognised when the amount can be reliably measured and it is probable that the company will receive the consideration.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant and equipment	33%, 20% & 10% straight line
Fixtures and fittings	33%, 20% & 10% straight line
Computers	at varying straight line rates

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Where applicable, vehicles on consignment from manufacturers which are subject to interest or other charges, are included at cost. In this case the associated liability is recorded in creditors.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to ~~and is also charged or credited to other comprehensive income or equity.~~

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and prior year related to the government's Coronavirus Job Retention Scheme.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There were no judgements or key sources of estimation uncertainty at the year end. At the prior year end the main area of judgement was in respect of the valuation of used stock. Where appropriate, provisions were made. It is possible that sales prices achieved may have differed from the valuations applied which were based upon the best estimate of current values at the balance sheet date.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of goods	18,452,175	11,309,676
Rendering of services	1,712,693	1,858,536
Commissions receivable	190,638	65,958
	<u>20,355,506</u>	<u>13,234,170</u>
	2021	2020
	£	£
Other revenue		
Interest income	-	179
Grants received	79,096	246,498
	<u>79,096</u>	<u>246,498</u>

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	20,355,506	13,234,170

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Management and administration	20	25
Production	30	32
Total	50	57

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,121,389	1,139,218
Social security costs	119,454	103,879
Pension costs	21,948	19,018
	1,262,791	1,262,115

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	6,841	42,136

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(79,096)	(246,498)
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	8,650
Depreciation of owned tangible fixed assets	49,100	42,624
Impairment losses	-	50,248
Operating lease charges	13,666	1,433

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	-	179
		<u> </u>	<u> </u>
8	Interest payable and similar expenses	2021	2020
		£	£
	Interest on bank overdrafts and loans	19,447	13,388
	Interest on finance leases and hire purchase contracts	31,421	29,540
		<u> </u>	<u> </u>
		50,868	42,928
		<u> </u>	<u> </u>
9	Other gains and losses	2021	2020
		£	£
	Other gains and losses	-	(50,248)
		<u> </u>	<u> </u>
10	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	47,587	70,384
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(29,505)	886
	Changes in tax rates	2,580	-
	Adjustment in respect of prior periods	(6,614)	-
		<u> </u>	<u> </u>
	Total deferred tax	(33,539)	886
		<u> </u>	<u> </u>
	Total tax charge	14,048	71,270
		<u> </u>	<u> </u>

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	382,557	318,683
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	72,686	60,550
Tax effect of expenses that are not deductible in determining taxable profit	-	(33)
Deferred tax adjustments in respect of prior years	(6,614)	-
Deferred tax movements	-	886
Loss on revaluation	-	9,547
Fixed asset differences	(5,034)	320
Other tax adjustments, reliefs and transfers	(42,489)	-
Remeasurement of deferred tax for changes in tax rates	(4,501)	-
Taxation charge for the year	14,048	71,270

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 March 2022.

11 Dividends

	2021 £	2020 £
Final paid	29,366	154,440

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2021	1,958,796	190,490	167,985	80,948	2,398,219
Additions	-	128,195	-	-	128,195
Disposals	-	(318,685)	(167,985)	(80,948)	(567,618)
At 31 December 2021	1,958,796	-	-	-	1,958,796
Depreciation and impairment					
At 1 January 2021	193,797	129,007	102,458	75,392	500,654
Depreciation charged in the year	11,963	-	32,539	4,598	49,100
Eliminated in respect of disposals	-	(129,007)	(134,997)	(79,990)	(343,994)
At 31 December 2021	205,760	-	-	-	205,760
Carrying amount					
At 31 December 2021	1,753,036	-	-	-	1,753,036
At 31 December 2020	1,764,999	61,483	65,527	5,556	1,897,565

13 Stocks

	2021	2020
	£	£
Parts stock	-	62,521
Vehicle stock	-	2,072,830
	-	2,135,351

Included within vehicle stock is consignment stock of £nil (2020: £884,619).

Of this figure, £nil (2020: £98,135) relates to Funded Stock from Shogun Finance Limited. The risks and rewards lie with the company, though the legal title remains with Shogun Finance Limited.

During the year, any impairment loss was recognised in cost of sales due to slow-moving and obsolete stock.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	-	85,929
Amounts owed by group undertakings	1,044,179	-
Other debtors	16,440	78,939
Prepayments and accrued income	-	125,028
	<u>1,060,619</u>	<u>289,896</u>
Deferred tax asset (note 19)	18,756	-
	<u>1,079,375</u>	<u>289,896</u>

15 Creditors: amounts falling due within one year

	2021	2020	
	£	£	
	Notes		
Bank loans	17	90,000	221,370
Trade creditors		-	2,012,936
Corporation tax		47,587	70,384
Other taxation and social security		9,500	-
Other creditors		-	155,488
Accruals and deferred income		-	121,166
		<u>147,087</u>	<u>2,581,344</u>

16 Creditors: amounts falling due after more than one year

	2021	2020	
	£	£	
	Notes		
Bank loans and overdrafts	17	764,250	678,629
		<u>764,250</u>	<u>678,629</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	507,668
	<u>-</u>	<u>507,668</u>

17 Borrowings

	2021	2020
	£	£
Bank loans	854,250	899,999
	<u>854,250</u>	<u>899,999</u>
Payable within one year	90,000	221,370
Payable after one year	764,250	678,629
	<u>764,250</u>	<u>678,629</u>

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Borrowings (Continued)

In the prior year, the bank loans with National Westminster Bank PLC and stock funding by General Motors Acceptance Corporation (UK) PLC were secured by way of fixed charges over the property of the company together with a fixed and floating charge over all the assets of the company. The bank loans were also secured by a third party guarantee.

Also in the prior year, stock funded by Shogun Finance Limited was secured by way of a Second Legal charge over the property of the company at its Skelmersdale site.

At the end of the current year the bank loan with HSBC UK Bank PLC is secured by way of a fixed and floating charge over the property of the company. Interest is charged at a rate of 2.750% per annum over the bank of England base rate. The loan is repayable by March 2026.

18 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	19	-	14,783

19 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Balances:				
Accelerated capital allowances	-	14,783	18,756	-
Movements in the year:				2021 £
Liability at 1 January 2021				14,783
Credit to profit or loss				(33,539)
Asset at 31 December 2021				(18,756)

The deferred tax asset set out above is expected to reverse over the life of the assets and relates to accelerated capital allowances that are expected to mature within the same period.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	21,948	19,018

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there was £nil (2020: £5,184) owed to the pension scheme, included within other creditors.

21 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	100,000	100,000	100,000	100,000
A Ordinary of £1 each	2,020	2,020	2,020	2,020
B Ordinary of £1 each	100,000	100,000	100,000	100,000
	<u>202,020</u>	<u>202,020</u>	<u>202,020</u>	<u>202,020</u>

All share classes rank pari passu.

22 Operating lease commitments

Lessee

At 31 December 2021 all these leases were novated to Bugle Inn Motor Company Limited.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	-	60,322
Between one and five years	-	43,699
	<u>-</u>	<u>104,021</u>

23 Events after the reporting date

Subsequent to the year end, the land and buildings and mortgage in respect of these were hived across to Bugle Inn Motor Company Limited for a consideration of £898,786 equating to the net of the two amounts.

06 ORMSKIRK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Related party transactions

Transactions with related parties

During the year, the company paid rent of £11,667 (2020: £nil) to a pension scheme which is under common control.

During the year, amounts owing to former directors of the company of £893 (2020: £76,327) were repaid. No interest was charged on this amount.